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Economic Services Division

NSA Declassification/Release Instructions on File

Committee on China

(Minutes of the Twenty-Second Meeting -- 0930 hours, 24 Feb 1955)

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Present: Messrs. [REDACTED]

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Guests: Messrs. [REDACTED] and [REDACTED] ST/I 25X1A9a

Discussion was confined to the following current news items:

1. The North Koreans have announced plans for ammonium sulfate production at the Hungnam Chemical works. Since this plant was completely demolished during hostilities, it would have to be completely rebuilt (with Soviet aid).

2. The Chinese have announced their intention to inaugurate regular air service to Hanoi.

3. The Chinese claim that they are now making over one-half of their requirements of mechanical and electrical equipment, and the investment in these industries for 1955 will be 40% higher than 1954. [REDACTED] considers this claim misleading in that most of the larger and more complicated items will still have to be imported. 25X1X7

4. The Chinese expect in 1955 to increase their electric power production by 98% (thermo) and 25% (hydro). This may be possible since there has been considerable basic construction in this industry. It is primarily a question of getting equipment for the installations now nearing completion. The stress in this field and in other industrial development seems to be away from Manchuria into China proper-- primarily in North China, but also in Shanghai, Canton and Kiating areas.

5. Peking has announced that its cement production in 1954 was 710,000 tons over 1953. According to the figures given in Chou En-lai's speech last fall the increase should have been over 1,225,000 tons. Tentatively it may be that CIA [REDACTED] estimates prior to that speech were nearly correct after all. [REDACTED] will request [REDACTED] reaction to this latest announcement. 25X1X7

6. Indications of considerable telecommunications development in the Chinese border area near Burma, Thailand and Indo-China together with the

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study by the Indo-China group showing road development and the report on minority peoples all appear to point to a major effort to build up the Free Thai movement for possible paramilitary or military ventures in the area.

7. The draft of the military conscription law released in Peking indicates a general effort to regularize conscription procedures and establish a better control over manpower resources generally.

8. The regulations establishing officer ranks in the Chinese Communist Army, placing responsibility for administration in the hands of the State Council and the Ministry of Defense, appear to confirm previous estimates that the National Defense Council is a figurehead organ with no major responsibilities or power.

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10. [REDACTED] a Canadian representative on the IUC was informed by a Pole on the Commission that it would seem be possible to go from Hanoi to Peking by rail in five days.

11. Information that rails have been shipped on the Ili River indicates that the Soviet link of the Trans-Sinkiang Railroad is progressing rapidly and that the construction is taking place in the vicinity of the river rather than through the more logical route of the Dzhungarian Gap.

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